

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-141-E

In RE:)	
Application Of Duke Energy Carolinas, LLC)	APPLICATION FOR ORDER
For Authorization Under Article 13, Chapter)	AUTHORIZING LONG-TERM
27 Of Title 58 Of The Code Of Laws Of)	BORROWING UNDER
South Carolina, (1976, As Amended), To)	REVOLVING CREDIT FACILITY
Enter Into And Borrow Under Long-Term)	
Revolving Credit Facility)	

Duke Energy Carolinas, LLC (“Applicant”, “Company” or “Duke Energy Carolinas”), hereby applies to the Public Service Commission of South Carolina (“Commission”) for approval of the incurrence and repayment of indebtedness with a maturity of more than one year, pursuant to the terms of a Master Facility, and the issuance of notes evidencing such indebtedness, all in the manner herein set forth and as more fully described in Exhibit “A” hereto. This Application is made pursuant to Article 13, Chapter 27 of the Title 58 of the Code of Laws of South Carolina, (1976, as amended) and other applicable Rules, Regulations, and Statutes. In support of this Application, the Applicant shows the Commission the following:

1. Its general offices are at 526 South Church Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
526 South Church St
P.O. Box 1006/Mail Code EC03T
Charlotte, N.C. 28201-1006

2. The name and address of Applicant's Attorneys are:

Robert T. Lucas III
Associate General Counsel and
Assistant Secretary
Duke Energy Carolinas Law Department
526 South Church St.
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William F. Austin
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508 Hampton Street
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(803) 251-7442

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

4. The Applicant is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central and western portion of North Carolina and the western portion of South Carolina and is subject to the jurisdiction of this Commission.

5. By your Order Number 2004-277 issued in this Docket and dated June 7th, 2004, this Commission authorized Duke Energy Carolinas, formerly known as Duke Energy Corporation, to enter into a revolving credit facility, incur and repay indebtedness under such facility pursuant to the terms thereof, and issue notes evidencing such indebtedness, all in the manner described in such order and in Duke Energy Carolinas' Application in this docket, dated May 7th, 2004 (the "Application").

6. Pursuant to this Commission's Order, Duke Energy Carolinas entered into a three-year revolving credit facility dated June 30th, 2004, with a group of large commercial banks, under which it could borrow from time to time up to a maximum amount of \$500,000,000 (the "2004 Facility"). Duke Energy Carolinas utilized the 2004 Facility to provide liquidity support for its commercial paper program. The 2004 Facility is further described in the Application and the exhibit thereto. Pursuant to your Orders in this Docket: Order Numbers 2004-277, 2005-349 and 2006-408 dated June 7, 2004, June 28, 2005, and July 26, 2006 respectively, the Commission approved Duke Energy Carolinas' entry into amendments and restatements of the 2004 Facility, primarily to extend the maturity date of the 2004 Facility to June 30, 2011.

7. On June 28, 2007, the Company amended, restated and combined the 2004 Facility, along with other short-term borrowing arrangements of the Company, with the various credit facilities of its parent, Duke Energy Corporation, and its utility affiliates, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., to form a \$2,650,000,000 master credit facility (the "Master Facility"). The Company and each of the above-named affiliates have a borrowing sublimit under the Master Facility. The amount of the Company's initial borrowing sublimit under the Master Facility is \$800,000,000, which may be increased at the Company's election to a maximum borrowing sublimit of \$1,200,000,000. The maturity date of the Master Facility is June 30, 2012, subject to a one-year "term-out" provision beyond the maturity date, which allows the Company to borrow funds immediately before the maturity date for up to a one year term. Any obligation incurred by any one borrower under the Master Facility will be independent of, and non-recourse to, the other borrowers under the Master Facility.

The Company's affiliate, Cinergy Corp., has used the master facility structure, with available credit to the parent holding company and its utility subsidiaries, in recent years. This structure provides for a simple, efficient and cost-effective overall bank

financing program for Duke Energy Corporation, while maintaining independent borrowing capacity and credit protection for its utility subsidiaries.

The Summary of Terms and Conditions, which is attached as Exhibit "A", to this request (the "Term Sheet"), contains further details on the terms and conditions of the Master Facility and the Company's participation therein. As described in the Term Sheet under the caption "Maturity Date," for each borrower under the Master Facility other than Duke Energy Corporation, any borrowing under the Master Facility must be repaid within 365 days of the date of such borrowing unless the borrower designates such borrowing as "long-term," in which case the borrowing may remain outstanding for up to the maturity date of the Master Facility. Because this provision of the Master Facility will cause all obligations of the Company to have a maturity of one year or less, absent the long-term designation described above, the Company is hereby requesting only the Commission's authorization to incur "long-term" borrowings under the Master Facility if the Company elects to do so during the term of the Master Facility. As this Commission knows, this Commission's authority is not required for short-term borrowings under the Master Facility, nor for sales of commercial paper backed by the Master Facility, consistent with past practice.

8. Except with respect to the long-term borrowing feature described above, the credit availability amount and the maturity date extension to June 30, 2012, the terms and conditions of the Master Facility with respect to the Company are identical to those of the 2004 Facility in all material respects. The description of the Master Facility in this request is qualified by reference to the more complete description in the Term Sheet.

9. In order for the Company to have the authority to incur long-term borrowings under the Master Facility, the Company requests an order in this Docket authorizing such borrowings under the Master Facility.

10. The Company will pay its pro rata share of certain fees, including attorneys' fees related to the documentation of the Master Facility, and a Facility Fee as described in the Term Sheet. Such fee is the result of arm's length negotiations with the lenders under the Master Facility, is comparable to fees payable in similar transactions in the marketplace, and is lower than the Facility Fee paid on the 2004 Facility. The Company is also required to pay its pro rata share of certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the Master Facility, consisting of a one-time arrangement fee of not more than \$400,000, and an initial annual administrative fee of \$20,000. The Company also paid its pro rata share of an "upfront" fee to the lenders under the Master Facility, under a mechanism further described in Exhibit "B", to this request.

In addition to simplifying its borrowing program and extending the maturity date of its bank borrowing capability, the Company's entry into the Master Facility will result in lower borrowing costs to the Company.

11. Proceeds from sales of commercial paper backed by the Master Facility, and from borrowings under the Master Facility, will continue to be used as stated in the Commission's previous Order in this Docket.

12. The purposes of the Master Facility with respect to Duke Energy Carolinas, including any long-term borrowings it may incur thereunder, and its compatibility with the public interests, are all the same as stated in the Application with respect to the 2004 Facility.

13. Duke Energy Carolinas respectfully requests that the Commission's order, when issued, state that the Commission's original order in this Docket will stay in full force and effect, as it relates to the use of proceeds of borrowings and commercial paper sales, and reporting requirements for borrowings.

14. The South Carolina Office of Regulatory Staff is being served with a copy of this Application.

15. For all of the reasons set forth above, Applicant requests that (i) this Commission inquire into this matter, (ii) if no substantial opposition develops, (iii) this Commission hear and approve this matter at the next appropriate weekly agenda session, (iv) issue an appropriate Order approving the relief sought in the Applicant's application, and (v) such other and further relief as this Commission may deem just and proper.

WHEREFORE, Duke Energy Carolinas respectfully prays that the incurrence and repayment of long-term borrowings under the Master Facility, consisting of any borrowings thereunder with a term in excess of one year, and the issuance of notes evidencing such indebtedness, all in the manner herein set forth, be authorized and approved by the Commission.

This 3rd day of July, 2007.

Respectfully Submitted,

/S/

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Determination of Upfront Fee for Master Facility

The upfront fee on the Master Facility was paid as follows:

Duke Energy Carolinas, LLC, paid \$237,759.85 as an upfront fee on the Master Facility, which is its pro rata share of a fee consisting of (i) 0.01% of the aggregate amount available under the Master Facility committed to by lenders which were previously committed as lenders under the 2004 Facility and the various other credit facilities of Duke Energy Corporation and its subsidiaries which were combined to form the Master Facility, plus (ii) 0.03% of the lenders' aggregate commitments under the Master Facility in excess of the amount of the prior commitments described in (i) above. Duke Energy Carolinas' share of the fee is calculated based upon its borrowing sublimit of \$800,000,000 over the aggregate amount of the Master Facility, which \$2,650,000,000.